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AZ CORP COMMISSION
DOCKET CONTACT

2014 MAR 13 PM 1 35

FENNEMORE CRAIG, P.C.
Jay L. Shapiro (No. 014650)
2394 E. Camelback Road, Suite 600
Phoenix, Arizona 85016
Telephone (602) 916-5000

Attorneys for Verde Santa Fe Wastewater Co., Inc.

ORIGINAL

BEFORE THE ARIZONA CORPORATION COMMISSION

IN THE MATTER OF THE APPLICATION
OF VERDE SANTA FE WASTEWATER
CO., INC., AN ARIZONA CORPORATION,
FOR A DETERMINATION OF THE FAIR
VALUE OF ITS UTILITY PLANTS AND
PROPERTY AND FOR INCREASES IN ITS
WASTEWATER RATES AND CHARGES
FOR UTILITY SERVICE BASED
THEREON.

DOCKET NO: SW-03437A-13-0292

**NOTICE OF FILING REBUTTAL
TESTIMONY**

Verde Santa Fe Wastewater Co., Inc. (the "Company") hereby submits this
Notice of Filing Rebuttal Testimony in the above-referenced matter. Specifically filed
herewith are the Company's Rebuttal Testimonies, which include the following
testimonies, along with supporting schedules and/or attachments:

1. Rebuttal Testimony of Jason Williamson; and
2. Rebuttal Testimony of Thomas J. Bourassa.

RESPECTFULLY SUBMITTED this 13th day of March, 2014.

FENNEMORE CRAIG, P.C.

Arizona Corporation Commission

DOCKETED

MAR 13 2014

DOCKETED BY

By

Jay L. Shapiro
2394 E. Camelback Road
Suite 600
Phoenix, Arizona 85016
Attorneys for Verde Santa Fe Wastewater
Co., Inc.

1 ORIGINAL and thirteen (13) copies of the foregoing
2 were delivered this 13th day of March, 2014, to:

3 Docket Control
4 Arizona Corporation Commission
5 1200 W. Washington St.
6 Phoenix, AZ 85007

7 COPY of the foregoing was delivered
8 this 13th day of March, 2014, to:

9 Sarah Harpring, ALJ
10 Hearing Division
11 Arizona Corporation Commission
12 1200 W. Washington St.
13 Phoenix, AZ 85007

14 Robin Mitchell
15 Bridget Humphrey
16 Legal Division
17 Arizona Corporation Commission
18 1200 W. Washington St.
19 Phoenix, AZ 85007

20 By: 
21 8977587.1/026985.0002

1 FENNEMORE CRAIG, P.C.
2 Jay L. Shapiro (No. 014650)
3 2394 E. Camelback Road, Suite 600
4 Phoenix, Arizona 85016
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6 Attorneys for Verde Santa Fe Wastewater Co., Inc.

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8 **BEFORE THE ARIZONA CORPORATION COMMISSION**

9 IN THE MATTER OF THE APPLICATION
10 OF VERDE SANTA FE WASTEWATER
11 CO., INC., AN ARIZONA CORPORATION,
12 FOR A DETERMINATION OF THE FAIR
13 VALUE OF ITS UTILITY PLANTS AND
14 PROPERTY AND FOR INCREASES IN ITS
15 WASTEWATER RATES AND CHARGES
16 FOR UTILITY SERVICE BASED
17 THEREON.

DOCKET NO: SW-03437A-13-0292

18
19 **REBUTTAL TESTIMONY OF**
20 **JASON WILLIAMSON**

21
22 **March 13, 2014**
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II. SLUDGE REMOVAL EXPENSE..... 1
III. RESPONSE TO STAFF DIRECT 3

8977588.1/026985.0002

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND BUSINESS ADDRESS.**

3 A. My name is Jason Williamson. My business address is 7581 E. Academy
4 Boulevard, Suite 229, Denver, Colorado 80230.

5 **Q. ARE YOU THE SAME JASON WILLIAMSON THAT FILED DIRECT**
6 **TESTIMONY IN THIS PROCEEDING?**

7 A. Yes.

8 **Q. HAS ANYTHING CHANGED WITH RESPECT TO YOUR**
9 **EMPLOYMENT OR RESPONSIBILITIES?**

10 A. No.

11 **Q. HAVE YOU REVIEWED THE DIRECT FILING MADE BY STAFF?**

12 A. Yes.

13 **Q. WHAT WILL YOU ADDRESS IN THIS REBUTTAL TESTIMONY?**

14 A. The Company is willing to accept Staff's recommended adjustments to operating
15 expenses, Staff's cost of capital and Staff's rate design, however, the Company
16 does propose an additional pro forma adjustment to operating expenses related to
17 sludge removal expense. I will discuss this and the Company's acceptance of
18 Staff's other recommendations in this rebuttal testimony.

19 **II. SLUDGE REMOVAL EXPENSE**

20 **Q. YOU MENTIONED AN ADDITIONAL PRO FORMA ADJUSTMENT TO**
21 **SLUDGE REMOVAL EXPENSE. HAS THIS EXPENSE INCREASED**
22 **SINCE THE TEST YEAR?**

23 A. Yes, significantly. The test year expense level was \$21,327.82. In 2013, the first
24 full year following the test year, sludge expense removal was \$38,744.41.

25

26

1 Q. WHY HAS SLUDGE REMOVAL EXPENSE INCREASED SINCE THE
2 TEST YEAR?

3 A. There are two main factors that have led to our request to increase sludge
4 processing expense. The biggest factor was that in 2013, the Company expanded
5 its sludge bagging system from three to six. This capital investment was necessary
6 as the flows in the Verde Santa Fe development have continued to rise, making
7 sludge management a more critical operational issue. This expansion has caused
8 increases in costs associated with the bagging system, including the dewatering
9 bags, polymer chemical, hauling of the bags to the landfill, and the labor associated
10 with filling and removing the bags daily.

11 Q. WHAT IS THE SECOND FACTOR?

12 A. The second component of the additional sludge processing costs arises due to
13 cleaning of the effluent storage ponds on the golf course. These ponds had not
14 been cleaned for many years, and over the winter, the golf course emptied them
15 and found a layer of accumulated sludge on the bottom. It is likely that the sludge
16 were solids from the WWTP that settled and accumulated over that time.
17 This necessitated the Company renting large trash pumps, hoses, and purchasing
18 large dewatering bags for the disposal of the material. In the future, the Company
19 and the Golf Course have agreed that they will be conducting inspections and
20 cleaning of the effluent ponds every other year. As such, we have included 50
21 percent of the costs from 2013 associated with the pond cleaning. Mr. Bourassa
22 explains this further in his rebuttal testimony.¹

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26 ¹ Rebuttal Testimony of Thomas J. Bourassa at 3:22 – 4:3.

1 **III. RESPONSE TO STAFF DIRECT**

2 **Q. YOU TESTIFIED THAT THE COMPANY WAS WILING TO ACCEPT**
3 **STAFF'S OTHER ADJUSTMENTS. CAN YOU PLEASE ELABORATE?**

4 A. Yes. Staff did not make many adjustments, and none were made to rate base.
5 The Company does not necessarily agree with Staff's adjustments to directors' fees
6 or the equipment lease expenses. Nor do we believe the cost of capital is adequate.
7 But, it is hard to justify fighting Staff on these issues when the amount of
8 additional revenue at stake is relatively low, and given the expense of a contested
9 hearing followed by briefing. As such, we elected to accept Staff's
10 recommendations, including their adjustments, except for our request for a pro
11 forma adjustment to sludge processing expense. We hope Staff will see this as a
12 reasonable request based on a known and measurable change, which would
13 eliminate all issues in dispute between Staff and the Company in this rate case.

14 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

15 A. Yes.
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9 IN THE MATTER OF THE APPLICATION
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14 PROPERTY AND FOR INCREASES IN ITS
15 WASTEWATER RATES AND CHARGES
16 FOR UTILITY SERVICE BASED
17 THEREON.

DOCKET NO: SW-03437A-13-0292

18
19 **REBUTTAL TESTIMONY OF**
20 **THOMAS J. BOURASSA**

21
22 **March 13, 2014**
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III.	RATE DESIGN (H SCHEDULES)	5

8978421.1/026985.0002

1 **I. INTRODUCTION AND QUALIFICATIONS**

2 **Q. PLEASE STATE YOUR NAME AND ADDRESS.**

3 A. My name is Thomas J. Bourassa. My business address is 139 W. Wood Drive,
4 Phoenix, Arizona 85029.

5 **Q. ON WHOSE BEHALF ARE YOU TESTIFYING IN THIS PROCEEDING?**

6 A. I am testifying on behalf of the Verde Santa Fe Wastewater Co., Inc., ("VSF" or
7 the "Company").

8 **Q. HAVE YOU PREVIOUSLY SUBMITTED DIRECT TESTIMONY IN THE**
9 **INSTANT CASE?**

10 A. Yes, my direct testimony was submitted in support of the initial application in this
11 docket. There were two volumes, one addressing rate base, income statement and
12 rate design, and the other addressing cost of capital.

13 **Q. WHAT IS THE PURPOSE OF THIS REBUTTAL TESTIMONY?**

14 A. I will provide rebuttal testimony in response to the direct filing by Staff, however,
15 my rebuttal testimony is just one volume.

16 **II. THE COMPANY'S REBUTTAL POSITION**

17 **Q. WHAT IS THE REVENUE INCREASE THE COMPANY IS PROPOSING**
18 **IN THIS REBUTTAL TESTIMONY?**

19 A. The Company proposes a total revenue requirement of \$517,202, which constitutes
20 an increase in revenues of \$35,651, or 7.85 percent over adjusted test year
21 revenues.

22 **Q. HOW DOES THIS COMPARE WITH THE COMPANY'S DIRECT**
23 **FILING?**

24 A. It is lower. In the direct filing, the Company requested a total revenue requirement
25 of \$544,674, which required an increase in revenues of \$65,213, or 13.60 percent.

26

1 **Q. WHAT'S DIFFERENT?**

2 A. In its rebuttal filing, VSF has adopted all of the revenue/expense adjustments
3 recommended by Staff, and proposed adjustments of its own based on a known and
4 measurable change to the test year. The net result of these adjustments is the
5 Company's proposed operating expenses have decreased by \$14,894, from
6 \$481,501 in the direct filing to \$468,607. There is no change in rate base from the
7 direct filing of \$421,337.

8 **Q. SO IF STAFF ADOPTS THE COMPANY'S PROPOSED REBUTTAL**
9 **ADJUSTMENT, THE TWO PARTIES WILL HAVE THE SAME**
10 **REVENUE REQUIREMENT?**

11 A. Yes, as Mr. Williamson explains in his rebuttal testimony, the Company has
12 elected not to dispute any of Staff's recommended adjustments.

13 **Q. HAVE YOU PREPARED REBUTTAL SCHEDULES?**

14 A. Yes. These schedules are attached to this testimony. Rebuttal Schedule B-2, pages
15 1 and 2, summarizes the Company's rebuttal OCRB.

16 The Company rebuttal adjustments to revenues and/or expenses are detailed
17 on Rebuttal Schedule C-2, pages 1-7. The rebuttal income statement with
18 adjustments is summarized on Rebuttal Schedule C-1, page 1-2.

19 Rebuttal adjustment 1 reflects the annualized depreciation and amortization
20 expense based on the Company proposed PIS and CIAC balances. There is no
21 change to depreciation and amortization expense at this stage because the
22 Company is not proposing changes to either its PIS or CIAC balances. The Staff
23 recommended depreciation and amortization expense level is the same as the
24 Company's.

25 Rebuttal adjustment number 2 reflects property tax expense at the Company
26 rebuttal proposed revenue level. The Company proposes a reduction to property

1 taxes based upon a lower assessment ratio of 19 percent compared to its direct
2 filing of 20 percent. The Company is proposing an assessment ratio of 19 percent
3 because it reflects the recently passed House Bill 2001 ("H.B 2001"), which enacts
4 a known and measurable change commencing in 2014.

5 **Q. DOES STAFF RECOMMEND AN ASSESSMENT RATIO OF**
6 **19 PERCENT?**

7 A. Yes.¹

8 **Q. THANK YOU. PLEASE CONTINUE.**

9 A. Rebuttal adjustment number 3 reduces Salaries and Wages expense for director's
10 wages by \$18,529. This adjustment reflects the adoption of the Staff proposed
11 adjustment to Salaries and Wages expense.² Adoption of the Staff
12 recommendation by the Company is made to help eliminate issues between the
13 parties.

14 Rebuttal adjustment number 4 reduces Rent expense by \$11,256.
15 This adjustment reflects the adoption of the Staff proposed adjustment to Rent
16 expense that is related to the Company's lease of wastewater treatment equipment.³
17 Adoption of the Staff recommendation by the Company is made to help eliminate
18 issues between the parties.

19 Rebuttal adjustment number 5 increases sludge removal expense by \$12,079
20 for known and measurable changes to the test year.

21 **Q. PLEASE EXPLAIN.**

22 A. The Company's recommended adjustment consists of two parts. The first part
23 reflects a known and measurable increase of \$6,741 to the annual sludge removal

24 ¹ Direct Testimony of Crystal S. Brown ("Brown Dt.") at 13.

25 ² Brown Dt. at 8.

26 ³ Brown Dt. at 12.

1 expense as a result of upgrades to the Company's sludge bagging process.
2 The second part reflects the annualized portion of effluent pond clean-up costs or
3 \$5,338.⁴ Mr. Williamson explains the additional sludge removal costs in his
4 rebuttal testimony.

5 **Q. THANK YOU. PLEASE CONTINUE WITH YOUR DISCUSSION OF THE**
6 **COMPANY'S REBUTTAL PROPOSED ADJUSTMENTS TO REVENUES**
7 **AND EXPENSES.**

8 A. Adjustment 6 adjusts income taxes to reflect the Company proposed adjusted test
9 year revenues and expenses.

10 **Q. DOES THE COMPANY'S PROPOSED INCOME TAX EXPENSE**
11 **REFLECT THE REDUCTION IN THE STATE INCOME TAX RATE?**

12 A. Yes, the state income tax rate is reduced from 6.968 percent to 6.50 percent, which
13 is a reflection of the enacted H.B 2001's reduction to the income tax rate for 2014.

14 **Q. DOES STAFF PROPOSE A 6.5 PERCENT STATE INCOME TAX RATE?**

15 A. Yes.

16 **Q. PLEASE DISCUSS THE COMPANY'S RECOMMENDED RETURN ON**
17 **EQUITY AND RETURN ON RATE BASE.**

18 A. To eliminate issues between the parties, the Company has adopted the Staff
19 recommended return on equity of 9.6 percent and return on rate base of 9.6 percent
20 reflecting a 100 percent equity capital structure.⁵

21 ...

22 ...

23 ...

24 _____
25 ⁴ The total cost of effluent pond cleaning in 2013 was \$10,676 which is expected to occur
every 2 years.

26 ⁵ Direct Testimony of John A. Cassidy at 31.

1 **III. RATE DESIGN (H SCHEDULES)**

2 **Q. WHAT ARE THE COMPANY'S PROPOSED RATES?**

3 A. The Company's proposed rates are:

4 **MONTHLY SERVICE CHARGES**

5 Residential	\$43.24
6 Commercial	\$43.24 times SFE ⁶
7 Effluent (per 1,000 gallons)	\$ 0.23

8 **Q. WHAT IS THE IMPACT OF THE COMPANY PROPOSED RATES ON**
9 **RESIDENTIAL CUSTOMERS?**

10 A. As shown on Schedule H-2, page 1, the monthly bill under proposed rates for a
11 residential customer is \$43.24 – a \$3.24 increase over the present monthly bill or a
12 8.1 percent increase.

13 **Q. DOES STAFF AGREE WITH THE \$0.23 PER 1,000 GALLONS FOR**
14 **EFFLUENT?**

15 A. Yes.⁷

16 **Q. ARE STAFF AND THE COMPANY IN AGREEMENT ON THE**
17 **PROPOSED MISCELLANEOUS SERVICE CHARGES?**

18 A. Yes.

19 **Q. DOES THIS CONCLUDE YOUR REBUTTAL TESTIMONY?**

20 A. Yes.

21
22
23
24 ⁶ One SFE is defined as 10 fixtures (sinks and/or toilets and/or showers, etc.). The SFE
25 for a commercial customer will be equal to the number of fixtures divided by 10. If the
26 computed SFE is less than 1.0, the factor will be 1.0, which provides that a commercial
customer pays no less than a residential customer.

⁷ Brown Dt. 15.

REBUTTAL SCHEDULES

Verde Santa Fe Watewater Company, Inc.
Test Year Ended December 31, 2012
Computation of Increase in Gross Revenue
Requirements As Adjusted

Exhibit
Rebuttal Schedule A-1
Page 1
Witness: Bourassa

Line
No.

1	Fair Value Rate Base	\$	421,336
2			
3	Adjusted Operating Income		10,944
4			
5	Current Rate of Return		2.60%
6			
7	Required Operating Income	\$	40,448
8			
9	Required Rate of Return		9.60%
10			
11	Operating Income Deficiency	\$	29,504
12			
13	Gross Revenue Conversion Factor		1.2761
14			
15	Increase in Gross Revenue		
16	Requirement	\$	37,651
17			
18	Adjusted Test Year Revenues	\$	479,551
19	Increase in Gross Revenue Revenue Requirement	\$	37,651
20	Proposed Revenue Requirement	\$	517,202
21	% Increase		7.85%

Customer		Present	Proposed	Dollar	Percent
Classification		Rates	Rates	Increase	Increase
Residential		\$ 450,680	\$ 487,185	\$ 36,505	8.10%
Commercial	VSF Community Center	\$ 1,056	\$ 1,142	\$ 86	8.10%
Commercial	Amante Club House	1,536	1,660	124	8.10%
Commercial	VSF Golf Course	3,300	3,567	267	8.10%
Commercial	Highlands Resort	3,408	3,684	276	8.10%
Effluent	VSF Golf Course	\$ 65,453	\$ 7,527	\$ (57,926)	-88.50%
Revenue Annualization		\$ 2,440	\$ 2,638	\$ 198	8.10%
Subtotal		\$ 527,873	\$ 507,403	\$ (20,470)	-3.88%
C-2 Revenue Adjustment		(57,926)	-	57,926	-100.00%
Other Water Revenues		9,624	9,624	-	0.00%
Reconciling Amount		(20)	175	195	-975.00%
Rounding					0.00%
Total of Water Revenues		\$ 479,551	\$ 517,202	\$ 37,651	7.85%

43
44
45 SUPPORTING SCHEDULES:
46 B-1
47 C-1
48 C-3
49 H-1

Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Summary of Rate Base

Exhibit
Rebuttal Schedule B-1
Page 1
Witness: Bourassa

Line No.		Original Cost Rate base	Fair Value Rate Base
1			
2	Gross Utility Plant in Service	\$ 1,555,530	\$ 1,555,530
3	Less: Accumulated Depreciation	658,177	658,177
4			
5	Net Utility Plant in Service	\$ 897,353	\$ 897,353
6			
7	<u>Less:</u>		
8	Advances in Aid of Construction	-	-
9			
10	Contributions in Aid of Construction	978,305	978,305
11			
12	Accumulated Amortization of CIAC	(502,287)	(502,287)
13			
14	Customer Meter Deposits	-	-
15	Deferred Income Taxes & Credits	-	-
16			
17			
18			
19	<u>Plus:</u>		
20	Unamortized Finance		
21	Charges	-	-
22	Prepayments	-	-
23	Materials and Supplies	-	-
24	Allowance for Cash Working Capital	-	-
25			
26			
27	Rounding	1	1
28	Total Rate Base	\$ 421,336	\$ 421,336
29			
30			
31			
32			
33			
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42			
43	<u>SUPPORTING SCHEDULES:</u>		
44	B-2		
45	B-3		
46	B-5		
47			
48			
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52			

Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments

Exhibit
Rebuttal Schedule B-2
Page 1
Witness: Bourassa

Line No.		Adjusted at End of Test Year	Proforma Adjustment	Rebuttal Adjusted at end of Test Year
1	Gross Utility			
2	Plant in Service	\$ 1,555,530	-	\$ 1,555,530
3				
4	Less:			
5	Accumulated			
6	Depreciation	658,177	-	658,177
7				
8				
9	Net Utility Plant			
10	in Service	\$ 897,353		\$ 897,353
11				
12	Less:			
13	Advances in Aid of			
14	Construction	-	-	-
15				
16	Contributions in Aid of			
17	Construction - Gross	978,305	-	978,305
18				
19	Accumulated Amortization of CIAC	(502,287)	-	(502,287)
20				
21	Customer Meter Deposits	-		-
22	Accumulated Deferred Income Tax	-	-	-
23				-
24				-
25				
26	Plus:			
27	Unamortized Finance			
28	Charges	-	-	-
29	Prepayments	-	-	-
30	Materials and Supplies	-	-	-
31	Allowance for Cash Working Capital	-	-	-
32				-
33	Rounding	1		1
34	Total	\$ 421,336		\$ 421,336

SUPPORTING SCHEDULES:

B-2, pages 2

E-1

RECAP SCHEDULES:

B-1

Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments

Exhibit
Rebuttal Schedule B-2
Page 2
Witness: Bourassa

Line No.		Proforma Adjustments					Rebuttal Adjusted at end of Test Year
		Adjusted at End of Test Year	1	2	3	4	
			Plant-In-Service	Accumulated Depreciation	CIAC	Intentionally Left Blank	
1	Gross Utility Plant in Service	\$ 1,555,530	-	-	-	-	\$ 1,555,530
2							
3							
4	Less:						
5	Accumulated Depreciation	658,177	-	-	-	-	658,177
6							
7							
8							
9	Net Utility Plant in Service	\$ 897,353	\$ -	\$ -	\$ -	\$ -	\$ 897,353
10							
11							
12	Less:						
13	Advances in Aid of Construction	-	-	-	-	-	-
14							
15							
16	Contributions in Aid of Construction (CIAC)	978,305	-	-	-	-	978,305
17							
18							
19	Accumulated Amort of CIAC	(502,287)	-	-	-	-	(502,287)
20							
21	Customer Meter Deposits	-	-	-	-	-	-
22	Accumulated Deferred Income Taxes	-	-	-	-	-	-
23							
24							
25	Plus:						
26	Unamortized Finance Charges	-	-	-	-	-	-
27							
28	Prepayments	-	-	-	-	-	-
29	Materials and Supplies	-	-	-	-	-	-
30	Allowance for Cash Working Capital	-	-	-	-	-	-
31							
32	Total	\$ 421,335	\$ -	\$ -	\$ -	\$ -	\$ 421,335
33							
34							
35							
36							
37							
38							
39							
40							

SUPPORTING SCHEDULES:
B-2, pages 3-5

RECAP SCHEDULES:
B-1

Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1

Plant-in-Service										
Line No.	Acct. No.	Description	A		B	C		D	E	Rebuttal Adjusted Original Cost
			Adjusted Original Cost	Adjustments Required to Reconcile to Reconstruction		Intentionally Left Blank	Intentionally Left Blank			
1	351	Organization Cost	30,909	-	-	-	-	-	-	30,909
2	352	Franchise Cost	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	45,400	-	-	-	-	-	-	45,400
4	354	Structures & Improvements	108,242	-	-	-	-	-	-	108,242
5	355	Power Generation Equipment	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	-	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	328,735	-	-	-	-	-	-	328,735
8	361.2	Manholes & Cleanouts	-	-	-	-	-	-	-	-
9	362	Special Collecting Structures	-	-	-	-	-	-	-	-
10	363	Services to Customers	73,179	-	-	-	-	-	-	73,179
11	364	Flow Measuring Devices	12,958	-	-	-	-	-	-	12,958
12	365	Flow Measuring Installations	-	-	-	-	-	-	-	-
13	366	Reuse Services	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	-	-	-	-	-	-	-	-
15	370	Receiving Wells	-	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	0	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	0	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Well	0	-	-	-	-	-	-	-
19	374	Reuse Distribution Reservoirs	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distributor	-	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	865,491	-	-	-	-	-	-	865,491
22	381	Plant Sewers	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	-	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	5,803	-	-	-	-	-	-	5,803
26	390.1	Computers & Software	-	-	-	-	-	-	-	-
27	391	Transportation Equipment	-	-	-	-	-	-	-	-
28	392	Stores Equipment	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	4,676	-	-	-	-	-	-	4,676
30	394	Laboratory Equipment	630	-	-	-	-	-	-	630
31	395	Power Operated Equipment	-	-	-	-	-	-	-	-
32	396	Communication Equipment	-	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	79,507	-	-	-	-	-	-	79,507
35		Rounding	-	-	-	-	-	-	-	-
36		TOTALS	\$ 1,555,530	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,555,530
37		Plant-in-Service per Books								\$ 1,555,530
38		Increase (decrease) in Plant-in-Service								\$ -
39		Adjustment to Plant-in-Service								\$ -
40		SUPPORTING SCHEDULES								\$ -
41		B-2, pages 3.1								\$ -

Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 1 -A

Exhibit
Rebuttal Schedule B-2
Page 3.1
Witness: Bourassa

Line
No.

		Recorded	Plant	
	Acct.	Original	Per	Adjustment
	<u>No.</u>	<u>Cost</u>	<u>Reconstruction</u>	<u>Required</u>
5	351	30,909	30,909	-
6	352	-	-	-
7	353	45,400	45,400	-
8	354	108,242	108,242	-
9	355	-	-	-
10	360	-	-	-
11	361.1	328,735	328,735	-
12	361.2	-	-	-
13	362	-	-	-
14	363	73,179	73,179	-
15	364	12,958	12,958	-
16	365	-	-	-
17	366	-	-	-
18	367	-	-	-
19	370	-	-	-
20	371.1	-	-	-
21	371.2	-	-	-
22	371.3	-	-	-
23	374	-	-	-
24	375	-	-	-
25	380	865,491	865,491	-
26	381	-	-	-
27	382	-	-	-
28	389	-	-	-
29	390	5,803	5,803	-
30	390.1	-	-	-
31	391	-	-	-
32	392	-	-	-
33	393	4,676	4,676	-
34	394	630	630	-
35	395	-	-	-
36	396	-	-	-
37	397	-	-	-
38	398	79,507	79,507	-
39	Rounding	-	-	-
40	TOTALS	\$ 1,555,530	\$ 1,555,530	\$ -

SUPPORTING SCHEDULE

B-2, pages 3.2 - 3.16

Line No.	NARUC Account No.	Description	NARUC Plant at 12/31/1997	Accum. Deprec. At 12/31/1997	1998							
					Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only	Depreciation (Calculated)
1	351	Organization Cost	-	-	30,909		30,909	-		-	30,909	-
2	352	Franchise Cost	-	-			-	-		-	-	-
3	353	Land and Land Rights	-	-	45,400		45,400	-		-	45,400	-
4	354	Structures & Improvements	-	-			-	-		-	-	-
5	355	Power Generation Equipment	-	-			-	-		-	-	-
6	360	Collection Sewers - Force	-	-			-	-		-	-	-
7	361.1	Collection Sewers - Gravity	-	-			-	-		-	-	-
8	361.2	Manholes & Cleanouts	-	-			-	-		-	-	-
9	362	Special Collecting Structures	-	-			-	-		-	-	-
10	363	Services to Customers	-	-			-	-		-	-	-
11	364	Flow Measuring Devices	-	-			-	-		-	-	-
12	365	Flow Measuring Installations	-	-			-	-		-	-	-
13	366	Reuse Services	-	-			-	-		-	-	-
14	367	Reuse Meters and Meter Installations	-	-			-	-		-	-	-
15	370	Recharging Wells	-	-			-	-		-	-	-
16	371.1	Pumping Equipment - Lift Stations	-	-			-	-		-	-	-
17	371.2	Other Pumping Equipment	-	-			-	-		-	-	-
18	371.3	Pumping Equipment - Recharge Wells	-	-			-	-		-	-	-
19	374	Reuse Distribution Reservoirs	-	-			-	-		-	-	-
20	375	Reuse Transmission and Distribution	-	-			-	-		-	-	-
21	380	Treatment & Disposal Equipment	-	-	209,412		209,412	-		5,235	209,412	5,235
22	381	Plant Sewers	-	-			-	-		-	-	-
23	382	Outfall Sewer Lines	-	-			-	-		-	-	-
24	389	Office Plant & Misc. Equipment	-	-			-	-		-	-	-
25	390	Office Furniture & Equipment	-	-			-	-		-	-	-
26	390.1	Computers & Software	-	-			-	-		-	-	-
27	391	Transportation Equipment	-	-			-	-		-	-	-
28	392	Stores Equipment	-	-			-	-		-	-	-
29	393	Tools, Shop & Garage Equipment	-	-			-	-		-	-	-
30	394	Laboratory Equipment	-	-			-	-		-	-	-
31	395	Power Operated Equipment	-	-			-	-		-	-	-
32	396	Communication Equipment	-	-			-	-		-	-	-
33	397	Miscellaneous Equipment	-	-			-	-		-	-	-
34	398	Other Tangible Plant	-	-			-	-		-	-	-
35			-	-			-	-		-	-	-
36		Sub Total	-	-	285,721	-	285,721	-	-	5,235	285,721	5,235
37			-	-			-	-		-	-	-
38			-	-			-	-		-	-	-
39			-	-			-	-		-	-	-
40		TOTAL	-	-	285,721	-	285,721	-	-	5,235	285,721	5,235
41		Total Decision 60779	-	-			-	-		-	-	-

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate, %	1999						Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	
1	351	Organization Cost	0.00%	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	-	-	-	-	-	-	-
4	354	Structures & Improvements	5.00%	-	-	-	-	-	-	-
5	355	Power Generation Equipment	5.00%	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	5.00%	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	5.00%	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	5.00%	-	-	-	-	-	-	-
9	362	Special Collecting Structures	5.00%	-	-	-	-	-	-	-
10	363	Services to Customers	5.00%	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	5.00%	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	5.00%	-	-	-	-	-	-	-
13	366	Reuse Services	5.00%	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	5.00%	-	-	-	-	-	-	-
15	370	Receiving Wells	5.00%	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	5.00%	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	5.00%	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	5.00%	-	-	-	-	-	-	-
19	374	Reuse Distribution Reservoirs	5.00%	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	5.00%	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	5.00%	-	-	-	-	-	-	-
22	381	Plant Sewers	5.00%	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	5.00%	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	5.00%	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	5.00%	2,892	-	2,892	-	-	-	72
26	390.1	Computers & Software	5.00%	-	-	-	-	-	-	-
27	391	Transportation Equipment	5.00%	-	-	-	-	-	-	-
28	392	Stores Equipment	5.00%	-	-	-	-	-	-	-
29	393	Tools Shop & Garage Equipment	5.00%	-	-	-	-	-	-	-
30	394	Laboratory Equipment	5.00%	2,322	-	2,322	-	-	-	58
31	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
32	396	Communication Equipment	5.00%	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	5.00%	-	-	-	-	-	-	-
34	398	Other Tangible Plant	5.00%	-	-	-	-	-	-	-
35										
36		Sub Total		5,214	-	5,214	-	-	-	15,836
37										
38										
39										
40		TOTAL		5,214	-	5,214	-	-	-	15,836
41		Decision 60779								

[illegible]

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate ¹	2001					
				Plant Additions (Per Books)	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Depreciation (Calculated)
1	351	Organization Cost	0.00%	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	-	-	-	-	-	-
4	354	Structures & Improvements	5.00%	212	212	-	-	-	17
5	355	Power Generation Equipment	5.00%	-	-	-	-	-	-
6	360	Collection Sewers - Force	5.00%	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	5.00%	328,735	328,735	-	-	-	8,218
8	361.2	Manholes & Cleanouts	5.00%	-	-	-	-	-	-
9	362	Special Collecting Structures	5.00%	-	-	-	-	-	-
10	363	Services to Customers	5.00%	73,179	73,179	-	-	-	1,829
11	364	Flow Measuring Devices	5.00%	-	-	-	-	-	-
12	365	Flow Measuring Installations	5.00%	-	-	-	-	-	-
13	366	Reuse Services	5.00%	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	5.00%	-	-	-	-	-	-
15	370	Receiving Wells	5.00%	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	5.00%	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	5.00%	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	5.00%	-	-	-	-	-	-
19	374	Reuse Distribution Reservoirs	5.00%	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	5.00%	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	5.00%	177	177	-	-	-	10,539
22	381	Plant Sewers	5.00%	-	-	-	-	-	-
23	382	Outfall Sewer Lines	5.00%	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	5.00%	-	-	-	-	-	-
25	390	Office Furniture & Equipment	5.00%	29	29	-	-	-	145
26	390.1	Computers & Software	5.00%	-	-	-	-	-	-
27	391	Transportation Equipment	5.00%	-	-	-	-	-	-
28	392	Stores Equipment	5.00%	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-
30	394	Laboratory Equipment	5.00%	-	-	-	-	-	116
31	395	Power Operated Equipment	5.00%	-	-	-	-	-	-
32	396	Communication Equipment	5.00%	-	-	-	-	-	-
33	397	Miscellaneous Equipment	5.00%	-	-	-	-	-	-
34	398	Other Tangible Plant	5.00%	-	-	-	-	-	-
35		Sub Total		402,332	402,332	-	-	-	20,865
36				-	-	-	-	-	-
37				-	-	-	-	-	-
38				-	-	-	-	-	-
39				-	-	-	-	-	-
40		TOTAL		402,332	402,332	-	-	-	20,865
41		Decision 60779		-	-	-	-	-	47,470

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate ¹	2002						Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	
1	351	Organization Cost	0.00%	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	-	-	-	-	-	-	-
4	354	Structures & Improvements	5.00%	-	-	-	-	-	-	45
5	355	Power Generation Equipment	5.00%	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	5.00%	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	5.00%	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	5.00%	-	-	-	-	-	-	-
9	362	Special Collecting Structures	5.00%	-	-	-	-	-	-	24,655
10	363	Services to Customers	5.00%	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	5.00%	-	-	-	-	-	-	5,488
12	365	Flow Measuring Installations	5.00%	-	-	-	-	-	-	-
13	366	Reuse Services	5.00%	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	5.00%	-	-	-	-	-	-	-
15	370	Recycling Wells	5.00%	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	5.00%	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	5.00%	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	5.00%	-	-	-	-	-	-	-
19	374	Reuse Distribution Reservoirs	5.00%	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	5.00%	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	5.00%	88,506	-	88,506	-	-	-	49,504
22	381	Plant Sewers	5.00%	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	5.00%	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	5.00%	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	5.00%	-	-	-	-	-	-	508
26	390.1	Computers & Software	5.00%	-	-	-	-	-	-	-
27	391	Transportation Equipment	5.00%	-	-	-	-	-	-	-
28	392	Stores Equipment	5.00%	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-	-
30	394	Laboratory Equipment	5.00%	-	-	-	-	-	-	406
31	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
32	396	Communication Equipment	5.00%	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	5.00%	-	-	-	-	-	-	-
34	398	Other Tangible Plant	5.00%	-	-	-	-	-	-	-
35		Sub Total		88,506	-	88,506	-	-	-	80,606
36										
37										
38										
39										
40		TOTAL		88,506	-	88,506	-	-	-	80,606
41		¹ Decision 80779								

[illegible]

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate ¹	2004						Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	
1	351	Organization Cost	0.00%	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	-	-	-	-	-	-	-
4	354	Structures & Improvements	5.00%	-	-	-	-	-	-	89
5	355	Power Generation Equipment	5.00%	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	5.00%	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	5.00%	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	5.00%	-	-	-	-	-	-	-
9	362	Special Collecting Structures	5.00%	-	-	-	-	-	-	57,529
10	363	Services to Customers	5.00%	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	5.00%	-	-	-	-	-	-	12,806
12	365	Flow Measuring Installations	5.00%	-	-	-	-	-	-	-
13	366	Reuse Services	5.00%	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	5.00%	-	-	-	-	-	-	-
15	370	Receiving Wells	5.00%	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	5.00%	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	5.00%	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	5.00%	-	-	-	-	-	-	-
19	374	Reuse Distribution Reservoirs	5.00%	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	5.00%	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	5.00%	4,093	-	4,093	-	-	-	79,543
22	381	Plant Sewers	5.00%	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	5.00%	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	5.00%	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	5.00%	615	-	615	-	-	-	816
26	390.1	Computers & Software	5.00%	-	-	-	-	-	-	-
27	391	Transportation Equipment	5.00%	-	-	-	-	-	-	-
28	392	Stores Equipment	5.00%	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-	698
30	394	Laboratory Equipment	5.00%	-	-	-	-	-	-	-
31	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
32	396	Communication Equipment	5.00%	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	5.00%	-	-	-	-	-	-	-
34	398	Other Tangible Plant	5.00%	-	-	-	-	-	-	-
35		Sub Total		7,073	-	7,073	-	-	-	151,480
36				-	-	-	-	-	-	-
37				-	-	-	-	-	-	-
38				-	-	-	-	-	-	-
39				-	-	-	-	-	-	-
40		TOTAL		7,073	-	7,073	-	-	-	151,480
41		¹ Decision 60779		-	-	-	-	-	-	-

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2005						Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	
1	351	Organization Cost	0.00%	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	-	-	-	-	-	-	-
4	354	Structures & Improvements	5.00%	1,041	-	1,041	-	-	-	137
5	355	Power Generation Equipment	5.00%	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	5.00%	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	5.00%	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	5.00%	-	-	-	-	-	-	-
9	362	Special Collecting Structures	5.00%	-	-	-	-	-	-	-
10	363	Services to Customers	5.00%	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	5.00%	9,458	-	9,458	-	-	-	16,465
12	365	Flow Measuring Installations	5.00%	-	-	-	-	-	-	236
13	366	Reuse Services	5.00%	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	5.00%	-	-	-	-	-	-	-
15	370	Receiving Wells	5.00%	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	5.00%	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	5.00%	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	5.00%	-	-	-	-	-	-	-
19	374	Reuse Distribution Reservoirs	5.00%	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	5.00%	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	5.00%	30,389	-	30,389	-	-	-	95,477
22	381	Plant Sewers	5.00%	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	5.00%	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	5.00%	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	5.00%	2,267	-	2,267	-	-	-	1,049
26	390.1	Computers & Software	5.00%	-	-	-	-	-	-	-
27	391	Transportation Equipment	5.00%	-	-	-	-	-	-	-
28	392	Stores Equipment	5.00%	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-	-
30	394	Laboratory Equipment	5.00%	-	-	-	-	-	-	-
31	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
32	396	Communication Equipment	5.00%	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	5.00%	-	-	-	-	-	-	-
34	398	Other Tangible Plant	5.00%	-	-	-	-	-	-	-
35		Sub Total		43,144	-	43,144	-	-	-	160,261
36										
37										
38										
39										
40		TOTAL		43,144	-	43,144	-	-	-	160,261
41		Decision 60779								

[illegible]

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate ¹	2007						Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	
1	351	Organization Cost	0.00%	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	-	-	-	-	-	-	-
4	354	Structures & Improvements	5.00%	4,698	-	4,698	-	-	-	7,824
5	355	Power Generation Equipment	5.00%	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	5.00%	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	5.00%	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	5.00%	-	-	-	-	-	-	-
9	362	Special Collecting Structures	5.00%	-	-	-	-	-	-	106,839
10	363	Servises to Customers	5.00%	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	5.00%	-	(648)	-	-	-	-	23,783
12	365	Flow Measuring Installations	5.00%	-	-	-	-	-	-	1,429
13	366	Reuse Services	5.00%	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	5.00%	-	-	-	-	-	-	-
15	370	Receiving Wells	5.00%	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	5.00%	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	5.00%	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	5.00%	-	-	-	-	-	-	-
19	374	Reuse Distribution Reservoirs	5.00%	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	5.00%	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	5.00%	17,801	-	17,801	-	-	-	157,813
22	381	Plant Sewers	5.00%	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	5.00%	-	-	-	-	-	-	-
24	388	Other Plant & Misc Equipment	5.00%	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	5.00%	-	-	-	-	-	-	1,630
26	390.1	Computers & Software	5.00%	-	-	-	-	-	-	-
27	391	Transportation Equipment	5.00%	-	-	-	-	-	-	-
28	392	Stores Equipment	5.00%	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-	-
30	394	Laboratory Equipment	5.00%	-	-	-	-	-	-	1,399
31	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
32	396	Communication Equipment	5.00%	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	5.00%	-	-	-	-	-	-	-
34	398	Other Tangible Plant	5.00%	1,353	-	1,353	-	-	-	5,763
35										
36		Sub Total		23,852	(648)	23,204	-	-	-	306,480
37										
38										
39										
40		TOTAL		23,852	(648)	23,204	-	-	-	306,480
41		Decision 60779								

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate, %	2008						Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	
1	351	Organization Cost	0.00%	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	-	-	-	-	-	-	-
4	354	Structures & Improvements	5.00%	1,868	-	1,868	-	-	-	13,126
5	355	Power Generation Equipment	5.00%	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	5.00%	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	5.00%	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	5.00%	-	-	-	-	-	-	-
9	362	Special Collecting Structures	5.00%	-	-	-	-	-	-	-
10	363	Services to Customers	5.00%	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	5.00%	-	648	648	-	-	-	27,442
12	365	Flow Measuring Installations	5.00%	-	-	-	-	-	-	2,060
13	366	Reuse Services	5.00%	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	5.00%	-	-	-	-	-	-	-
15	370	Receiving Wells	5.00%	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	5.00%	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	5.00%	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	5.00%	-	-	-	-	-	-	-
19	374	Reuse Distribution Reservoirs	5.00%	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	5.00%	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	5.00%	11,682	-	11,682	-	-	-	194,692
22	381	Plant Sewers	5.00%	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	5.00%	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	5.00%	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	5.00%	-	-	-	-	-	-	1,920
26	390.1	Computers & Software	5.00%	-	-	-	-	-	-	-
27	391	Transportation Equipment	5.00%	-	-	-	-	-	-	-
28	392	Stores Equipment	5.00%	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-	-
30	394	Laboratory Equipment	5.00%	-	-	-	-	-	-	-
31	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
32	396	Communication Equipment	5.00%	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	5.00%	-	-	-	-	-	-	-
34	398	Other Tangible Plant	5.00%	-	-	-	-	-	-	-
35										9,651
36		Sub Total		14,180	648	14,828	-	-	-	373,817
37										
38										
39										
40		TOTAL		14,180	648	14,828	-	-	-	373,817
41		Decision 60779								

[illegible]

[illegible]

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate	2011						Depreciation (Calculated)	Plant Balance	Accum. Deprac.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	Salvage A/D Only		
1	351	Organization Cost	0.00%	-	-	-	-	-	-	-	30,909	-
2	352	Franchise Cost	0.00%	-	-	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	-	-	-	-	-	-	-	45,400	-
4	354	Structures & Improvements	5.00%	-	-	-	-	-	-	5,412	108,242	29,333
5	355	Power Generation Equipment	5.00%	-	-	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	5.00%	-	-	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	5.00%	-	-	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	5.00%	-	-	-	-	-	-	-	-	-
9	362	Special Collecting Structures	5.00%	-	-	-	-	-	-	-	-	-
10	363	Services to Customers	5.00%	-	-	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	5.00%	-	-	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	5.00%	-	-	-	-	-	-	-	-	-
13	366	Reuse Services	5.00%	-	-	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	5.00%	-	-	-	-	-	-	-	-	-
15	370	Receiving Wells	5.00%	-	-	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	5.00%	-	-	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	5.00%	-	-	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	5.00%	-	-	-	-	-	-	-	-	-
19	374	Reuse Distribution Reservoirs	5.00%	-	-	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	5.00%	-	-	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	5.00%	20,885	-	20,885	-	-	-	-	833,851	313,897
22	381	Plant Sewers	5.00%	-	-	-	-	-	-	-	-	-
23	382	Outfall Sewer Lines	5.00%	-	-	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	5.00%	-	-	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	5.00%	-	-	-	-	-	-	290	5,803	2,790
26	390.1	Computers & Software	5.00%	-	-	-	-	-	-	-	-	-
27	391	Transportation Equipment	5.00%	-	-	-	-	-	-	-	-	-
28	392	Stores Equipment	5.00%	-	-	-	-	-	-	-	-	-
29	393	Tools, Shop & Garage Equipment	5.00%	-	-	-	-	-	-	-	-	-
30	394	Laboratory Equipment	5.00%	-	-	-	-	-	-	-	-	-
31	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-	-	-
32	396	Communication Equipment	5.00%	-	-	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	5.00%	-	-	-	-	-	-	-	-	-
34	398	Other Tangible Plant	5.00%	-	-	-	-	-	-	-	-	-
35				-	-	-	-	-	-	-	-	-
36				-	-	-	-	-	-	-	-	-
37				-	-	-	-	-	-	-	-	-
38				-	-	-	-	-	-	-	-	-
39				-	-	-	-	-	-	-	-	-
40				-	-	-	-	-	-	-	-	-
		Sub Total		20,885	-	20,885	-	-	-	-	71,857	585,007
		TOTAL		20,885	-	20,885	-	-	-	-	1,523,890	585,007

Line No.	NARUC Account No.	Description	Allowed Deprec. Rate ¹	2012						Accum. Deprec.
				Plant Additions (Per Books)	Plant Adjustments	Adjusted Plant Additions	Plant Retirements (Per Books)	Retirement Adjustments	Adjusted Plant Retirements	
1	351	Organization Cost	0.00%	-	-	-	-	-	-	-
2	352	Franchise Cost	0.00%	-	-	-	-	-	-	-
3	353	Land and Land Rights	0.00%	-	-	-	-	-	-	-
4	354	Structures & Improvements	5.00%	-	-	-	-	-	-	-
5	355	Power Generation Equipment	5.00%	-	-	-	-	-	-	-
6	360	Collection Sewers - Force	5.00%	-	-	-	-	-	-	-
7	361.1	Collection Sewers - Gravity	5.00%	-	-	-	-	-	-	-
8	361.2	Manholes & Cleanouts	5.00%	-	-	-	-	-	-	-
9	362	Special Collecting Structures	5.00%	-	-	-	-	-	-	-
10	363	Services to Customers	5.00%	-	-	-	-	-	-	-
11	364	Flow Measuring Devices	5.00%	-	-	-	-	-	-	-
12	365	Flow Measuring Installations	5.00%	-	-	-	-	-	-	-
13	366	Reuse Services	5.00%	-	-	-	-	-	-	-
14	367	Reuse Meters and Meter Installations	5.00%	-	-	-	-	-	-	-
15	370	Receiving Wells	5.00%	-	-	-	-	-	-	-
16	371.1	Pumping Equipment - Lift Stations	5.00%	-	-	-	-	-	-	-
17	371.2	Other Pumping Equipment	5.00%	-	-	-	-	-	-	-
18	371.3	Pumping Equipment - Recharge Wells	5.00%	-	-	-	-	-	-	-
19	374	Reuse Distribution Reservoirs	5.00%	-	-	-	-	-	-	-
20	375	Reuse Transmission and Distribution	5.00%	-	-	-	-	-	-	-
21	380	Treatment & Disposal Equipment	5.00%	-	-	-	-	-	-	-
22	381	Plant Sewers	5.00%	31,640	-	31,640	-	-	-	356,380
23	382	Outfall Sewer Lines	5.00%	-	-	-	-	-	-	-
24	389	Other Plant & Misc Equipment	5.00%	-	-	-	-	-	-	-
25	390	Office Furniture & Equipment	5.00%	-	-	-	-	-	-	-
26	390.1	Computers & Software	5.00%	-	-	-	-	-	-	-
27	391	Transportation Equipment	5.00%	-	-	-	-	-	-	-
28	392	Stores Equipment	5.00%	-	-	-	-	-	-	-
29	393	Tools Shop & Garage Equipment	5.00%	-	-	-	-	-	-	-
30	394	Laboratory Equipment	5.00%	-	-	-	-	-	-	-
31	395	Power Operated Equipment	5.00%	-	-	-	-	-	-	-
32	396	Communication Equipment	5.00%	-	-	-	-	-	-	-
33	397	Miscellaneous Equipment	5.00%	-	-	-	-	-	-	-
34	398	Other Tangible Plant	5.00%	-	-	-	-	-	-	-
35		Sub Total		31,640	-	31,640	-	-	-	658,177
36										
37										
38										
39										
40		TOTAL		31,640	-	31,640	-	-	-	658,177
41		¹ Decision 60779								

Accumulated Depreciation

Line No.	Description	A		B		C		D		E	
		Per Books Accum. Depr.	Adjustments Required to Reconcile to Reconstruction	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Intentionally Left Blank	Adjusted Accum. Depr.
1	Acct. No.										
2	351	Organization Cost	-	-	-	-	-	-	-	-	-
3	352	Franchise Cost	-	-	-	-	-	-	-	-	-
4	353	Land and Land Rights	-	-	-	-	-	-	-	-	-
5	354	Structures & Improvements	34,745	-	-	-	-	-	-	-	34,745
6	355	Power Generation Equipment	-	-	-	-	-	-	-	-	-
7	356	Collection Sewers - Force	-	-	-	-	-	-	-	-	-
8	357	Collection Sewers - Gravity	189,023	-	-	-	-	-	-	-	189,023
9	358	Manholes & Cleanouts	-	-	-	-	-	-	-	-	-
10	359	Special Collecting Structures	-	-	-	-	-	-	-	-	-
11	360	Services to Customers	42,078	-	-	-	-	-	-	-	42,078
12	361	Flow Measuring Devices	4,652	-	-	-	-	-	-	-	4,652
13	362	Flow Measuring Installations	-	-	-	-	-	-	-	-	-
14	363	Reuse Services	-	-	-	-	-	-	-	-	-
15	364	Reuse Meters and Meter Installations	-	-	-	-	-	-	-	-	-
16	365	Receiving Wells	-	-	-	-	-	-	-	-	-
17	366	Pumping Equipment - Lift Stations	-	-	-	-	-	-	-	-	-
18	367	Other Pumping Equipment	-	-	-	-	-	-	-	-	-
19	368	Pumping Equipment - Recharge Wells	-	-	-	-	-	-	-	-	-
20	369	Reuse Distribution Reservoirs	-	-	-	-	-	-	-	-	-
21	370	Reuse Transmission and Distribution	-	-	-	-	-	-	-	-	-
22	371	Treatment & Disposal Equipment	356,380	-	-	-	-	-	-	-	356,380
23	372	Plant Sewers	-	-	-	-	-	-	-	-	-
24	373	Outfall Sewer Lines	-	-	-	-	-	-	-	-	-
25	374	Other Plant & Misc Equipment	-	-	-	-	-	-	-	-	-
26	375	Office Furniture & Equipment	3,080	-	-	-	-	-	-	-	3,080
27	376	Computers & Software	-	-	-	-	-	-	-	-	-
28	377	Transportation Equipment	-	-	-	-	-	-	-	-	-
29	378	Stores Equipment	-	-	-	-	-	-	-	-	-
30	379	Tools, Shop & Garage Equipment	2,600	-	-	-	-	-	-	-	2,600
31	380	Laboratory Equipment	110	-	-	-	-	-	-	-	110
32	381	Power Operated Equipment	-	-	-	-	-	-	-	-	-
33	382	Communication Equipment	-	-	-	-	-	-	-	-	-
34	383	Miscellaneous Equipment	-	-	-	-	-	-	-	-	-
35	384	Other Tangible Plant	25,508	-	-	-	-	-	-	-	25,508
36	385	Rounding	-	-	-	-	-	-	-	-	-
37	386	TOTALS	\$ 658,177	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 658,177
38	387	Accumulated Depreciation per Books									\$ 658,177
39	388	Increase (decrease) in Accumulated Depreciation									\$ -
40	389	Adjustment to Accumulated Depreciation									\$ -

SUPPORTING SCHEDULES
 B-2, pages 4.1

Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment Number 2 -A

Exhibit
Rebuttal Schedule B-2
Page 4.1
Witness: Bourassa

Line

No.

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4 Acct.

5 No.

6 Description

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		Recorded	Accumulated	
		Accumulated	Depreciation	Adjustment
		Depreciation	Per Plant	Required
			Reconstruction	
351	Organization Cost	-	-	-
352	Franchise Cost	-	-	-
353	Land and Land Rights	-	-	-
354	Structures & Improvements	34,745	34,745	-
355	Power Generation Equipment	-	-	-
360	Collection Sewers - Force	-	-	-
361.1	Collection Sewers - Gravity	189,023	189,023	-
361.2	Manholes & Cleanouts	-	-	-
362	Special Collecting Structures	-	-	-
363	Servcies to Customers	42,078	42,078	-
364	Flow Measuring Devices	4,652	4,652	-
365	Flow Measuring Installations	-	-	-
366	Reuse Services	-	-	-
367	Reuse Meters and Meter Installator	-	-	-
370	Receiving Wells	-	-	-
371.1	Pumping Equipment - Lift Stations	-	-	-
371.2	Other Pumping Equipment	-	-	-
371.3	Pumping Equipment - Recharge Wt	-	-	-
374	Reuse Distribution Reserviors	-	-	-
375	Reuse Transmission and Distributio	-	-	-
380	Treatment & Disposal Equipment	356,380	356,380	-
381	Plant Sewers	-	-	-
382	Outfall Sewer Lines	-	-	-
389	Other Plant & Misc Equipment	-	-	-
390	Office Furniture & Equipment	3,080	3,080	-
390.1	Computers & Software	-	-	-
391	Transportation Equipment	-	-	-
392	Stores Equipment	-	-	-
393	Tools, Shop & Garage Equipment	2,600	2,600	-
394	Laboratory Equipment	110	110	-
395	Power Operated Equipment	-	-	-
396	Communication Equipment	-	-	-
397	Miscellaneous Equipment	-	-	-
398	Other Tangible Plant	25,508	25,508	-
	Rounding	-	-	-
	TOTALS	#REF!	\$ 658,177	\$ -

SUPPORTING SCHEDULE

B-2, pages 3.2 - 3.16

Verde Santa Fe Watewater Company, Inc.
Test Year Ended December 31, 2012
Original Cost Rate Base Proforma Adjustments
Adjustment 3

Exhibit
Rebuttal Schedule B-2
Page 5.0
Witness: Bourassa

Contributions-in-Aid of Construction (CIAC) and Accumulated Amortization

Line
No.

	Gross CIAC	Accumulated Amortization
5 Computed balance at end of test year	\$ 978,305	\$ 502,287
7 Adjusted balance at end of test year	<u>\$ 978,305</u>	<u>\$ 502,287</u>
9 Increase (decrease)	\$ -	\$ -
12 Adjustment to CIAC/AA CIAC	<u>\$ -</u>	<u>\$ -</u>
13 Label	3a	3b

SUPPORTING SCHEDULES

E-1

B-2, page 5.1

Line No.	Balance 12/31/1997	1998		1999		2000		2001		2002	
		Additions	Balance	Additions	Balance	Additions	Balance	Additions	Balance	Additions	Balance
1	-	77,550	77,550	76,000	153,550	(100)	153,450	401,915	555,365	-	555,365
2	-										
3											
4											
5	CIAC										
6											
7	Amortization										
8	Amortization Rate										
9	Amortization (1/2 yr convention)										
10	Accumulated Amortization										
11											
12	Net CIAC	77,550	75,611	76,000	145,834	(100)	139,059	401,915	522,263	-	494,485

Line No.	Balance 12/31/1997	2003		2004		2005		2006		2007	
		Additions	Balance	Additions	Balance	Additions	Balance	Additions	Balance	Additions	Balance
13											
14											
15											
16											
17											
18											
19											
20	CIAC										
21											
22											
23											
24	Amortization Rate										
25	Amortization (1/2 yr convention)										
26	Accumulated Amortization										
27											
28	Net CIAC	-	488,717	-	438,949	-	411,180	422,940	795,779	-	746,863

Line No.	Balance 12/31/1997	2008		2009		2010		2011		2012	
		Additions	Balance	Additions	Balance	Additions	Balance	Additions	Balance	Additions	Balance
29											
30											
31											
32											
33											
34											
35											
36											
37	CIAC										
38											
39											
40	Amortization Rate										
41	Amortization (1/2 yr convention)										
42	Accumulated Amortization										
43											
44	Net CIAC	-	697,948	-	649,033	-	600,118	-	551,202	-	502,287

Verde Santa Fe Watewater Company, Inc.
Test Year Ended December 31, 2012
Computation of Working Capital

Exhibit
Schedule B-5
Page 1
Witness: Bourassa

Line
No.

1	Cash Working Capital (1/8 of Allowance		
2	Operation and Maintenance Expense)	\$	43,711
3	Pumping Power (1/24 of Pumping Power)		1,540
4	Purchased Water (1/24 of Purchased Water)		1,540
5			
6			
7			
8			
9	Total Working Capital Allowance	\$	46,792
10			
11			
12	Cash Working Capital Requested	\$	-
13			
14			
15			
16			
17		<u>Adjusted Test Year</u>	
18	Total Operating Expense	\$	468,607
19	Less:		
20	Income Tax	\$	2,826
21	Property Tax		20,114
22	Depreciation		22,039
23	Purchased Water		36,970
24	Pumping Power		36,970
25	Allowable Expenses	\$	349,688
26	1/8 of allowable expenses	\$	43,711
27			
28			

SUPPORTING SCHEDULES:
E-1

RECAP SCHEDULES:
B-1

31
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Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Income Statement

Exhibit
Rebuttal Schedule C-1
Page 1
Witness: Bourassa

Line No.		Adjusted Book Results	Adjustment	Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	Revenues					
2	Flat Rate Revenues	\$ 462,400	\$ -	\$ 462,400	\$ 37,651	\$ 500,051
3	Unmetered Water Revenues	7,527	-	7,527		7,527
4	Other Water Revenues	9,624	-	9,624		9,624
5		<u>\$ 479,551</u>	<u>\$ -</u>	<u>\$ 479,551</u>	<u>\$ 37,651</u>	<u>\$ 517,202</u>
6	Operating Expenses					
7	Salaries and Wages	\$ 31,683	(18,529)	\$ 13,154		\$ 13,154
8	Purchased Wastewater Treatment	-	-	-		-
9	Sludge Removal	21,328	12,079	33,407		33,407
10	Purchased Power	36,970	-	36,970		36,970
11	Chemicals	13,584	-	13,584		13,584
12	Materials and Supplies	5,772	-	5,772		5,772
13	Office Supplies and Expense	-	-	-		-
14	Contractual Services - Accounting	-	-	-		-
15	Contractual Services - Professional	5,130	-	5,130		5,130
16	Contractual Services - Maintenance	-	-	-		-
17	Contractual Services - Other	227,098	-	227,098		227,098
18	Water Testing	9,784	-	9,784		9,784
19	Rents	31,055	(11,256)	19,799		19,799
20	Transportation Expenses	4,103	-	4,103		4,103
21	Insurance - General Liability	5,108	-	5,108		5,108
22	Insurance - Health and Life	-	-	-		-
23	Reg. Comm. Exp. - Other	2,355	-	2,355		2,355
24	Reg. Comm. Exp. - Rate Case	25,000	-	25,000		25,000
25	Miscellaneous Expense	22,364	-	22,364		22,364
26	Bad Debt Expense	-	-	-		-
27	Depreciation and Amortization Expense	22,039	-	22,039		22,039
28	Taxes Other Than Income	-	-	-		-
29	Property Taxes	21,173	(1,059)	20,114	526	20,641
30	Income Tax	(1,045)	3,871	2,826	7,620	10,446
31		-	-	-		-
32	Total Operating Expenses	<u>\$ 483,501</u>	<u>\$ (14,894)</u>	<u>\$ 468,607</u>	<u>\$ 8,146</u>	<u>\$ 476,753</u>
33	Operating Income	<u>\$ (3,950)</u>	<u>\$ 14,894</u>	<u>\$ 10,944</u>	<u>\$ 29,504</u>	<u>\$ 40,448</u>
34	Other Income (Expense)					
35	Interest Income	-	-	-		-
36	Other income	3,726	-	3,726		3,726
37	Interest Expense	-	-	-		-
38	Other Expense	(34)	-	(34)		(34)
39		-	-	-		-
40	Total Other Income (Expense)	<u>\$ 3,692</u>	<u>\$ -</u>	<u>\$ 3,692</u>	<u>\$ -</u>	<u>\$ 3,692</u>
41	Net Profit (Loss)	<u>\$ (258)</u>	<u>\$ 14,894</u>	<u>\$ 14,636</u>	<u>\$ 29,504</u>	<u>\$ 44,140</u>

SUPPORTING SCHEDULES:

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RECAP SCHEDULES:

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Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Income Statement

Exhibit
Rebuttal Schedule C-1
Page 2
Witness: Bourassa

Line No.	Revenues	Adjusted Book Results	1	2	3	4	5	6	Income Taxes	Test Year Adjusted Results	Proposed Rate Increase	Rebuttal Adjusted with Rate Increase
1	Revenues											
2	Flat Rate Revenues	\$ 482,400								\$ 482,400	\$ 37,651	\$ 500,051
3	Measured Revenues	7,527								7,527		7,527
4	Other Revenues	9,624								9,624		9,624
5		\$ 479,551	\$ -	\$ -	\$ -	\$ -	\$ -			\$ 479,551	\$ 37,651	\$ 517,202
6	Operating Expenses											
7	Salaries and Wages	\$ 31,683			(18,529)					\$ 13,154		\$ 13,154
8	Purchased Wastewater Treatment	-								-		-
9	Sludge Removal	21,328					12,079			33,407		33,407
10	Purchased Power	36,970								36,970		36,970
11	Chemicals	13,584								13,584		13,584
12	Materials and Supplies	5,772								5,772		5,772
13	Office Supplies and Expense	-								-		-
14	Contractual Services - Accounting	-								-		-
15	Contractual Services - Professional	5,130								5,130		5,130
16	Contractual Services - Maintenance	-								-		-
17	Contractual Services - Other	-								-		-
18	Water Testing	227,098								227,098		227,098
19	Rents	9,784								9,784		9,784
20	Transportation Expenses	31,055								19,799		19,799
21	Insurance - General Liability	4,103								4,103		4,103
22	Insurance - Health and Life	5,108								5,108		5,108
23	Reg. Comm. Exp. - Other	2,355								2,355		2,355
24	Reg. Comm. Exp. - Rate Case	25,000								25,000		25,000
25	Miscellaneous Expense	22,364								22,364		22,364
26	Bad Debt Expense	-								-		-
27	Deprec. and Amort. Exp.	22,039								22,039		22,039
28	Taxes Other Than Income	-								-		-
29	Property Taxes	21,173		(1,059)						20,114	528	20,641
30	Income Tax	(1,045)							3,871	2,826	7,620	10,446
31												
32	Total Operating Expenses	\$ 483,501	\$ -	\$ (1,059)	\$ (18,529)	\$ (11,256)	\$ 12,079	\$ 3,871	\$ 468,607	\$ 8,146	\$ 476,753	
33	Operating Income	\$ (3,950)	\$ -	\$ 1,059	\$ 18,529	\$ 11,256	\$ (12,079)	\$ (3,871)	\$ 10,944	\$ 29,504	\$ 40,448	
34	Other Income (Expense)											
35	Interest Income	-								-		-
36	Other Income	3,726								3,726		3,726
37	Interest Expense	-								-		-
38	Other Expense	(34)								(34)		(34)
39												
40	Total Other Income (Expense)	\$ 3,692	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 3,692	\$ -	\$ -	\$ 3,692
41	Net Profit (Loss)	\$ (258)	\$ -	\$ 1,059	\$ 18,529	\$ 11,256	\$ (12,079)	\$ (3,871)	\$ 14,636	\$ 29,504	\$ 40,448	\$ 44,140

RECAP SCHEDULES:
C-1, page 1

SUPPORTING SCHEDULES:
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Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Adjustments to Revenues and Expenses

Exhibit
Rebuttal Schedule C-2
Page 1
Witness: Bourassa

Line No.	<u>Adjustments to Revenues and Expenses</u>						<u>Subtotal</u>
	<u>1</u>	<u>2</u>	<u>3</u>	<u>4</u>	<u>5</u>	<u>6</u>	
	<u>Depreciation</u>	<u>Property</u>	<u>Director's</u>	<u>Rent</u>	<u>Sludge</u>	<u>Income</u>	
	<u>Expense</u>	<u>Taxes</u>	<u>Salaries</u>	<u>Expense</u>	<u>Removal</u>	<u>Taxes</u>	
1							
2							
3							
4	Revenues						-
5							
6	Expenses	-	(1,059)	(18,529)	(11,256)	12,079	(14,894)
7							
8	Operating						
9	Income	-	1,059	18,529	11,256	(12,079)	14,894
10							
11	Interest						
12	Expense					-	-
13	Other						
14	Income /						-
15	Expense						
16							
17	Net Income	-	1,059	18,529	11,256	(12,079)	14,894
18							
19							
20		<u>Adjustments to Revenues and Expenses</u>					
21		<u>7</u>	<u>8</u>	<u>9</u>	<u>10</u>	<u>11</u>	<u>12</u>
22		<u>Intentionally</u>	<u>Intentionally</u>	<u>Intentionally</u>	<u>Intentionally</u>	<u>Intentionally</u>	<u>Intentionally</u>
23		<u>Left</u>	<u>Left</u>	<u>Left</u>	<u>Left</u>	<u>Left</u>	<u>Left</u>
24		<u>Blank</u>	<u>Blank</u>	<u>Blank</u>	<u>Blank</u>	<u>Blank</u>	<u>Blank</u>
25	Revenues						-
26							
27	Expenses	-	-	-	-	-	(14,894)
28							
29	Operating						
30	Income	-	-	-	-	-	14,894
31							
32	Interest						
33	Expense						-
34	Other						
35	Income /						-
36	Expense						
37							
38	Net Income	-	-	-	-	-	14,894
39							
40							

Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Adjustments to Revenues and Expenses
Adjustment Number 1

Exhibit
Rebuttal Schedule C-2
Page 2
Witness: Bourassa

Depreciation Expense

Line No.	Acct.	No.	Description	Original Cost	Non-depreciable/ Fully Depreciated	Adjusted Original Cost	Proposed Rates	Depreciation Expense
1								
2								
3								
4								
5		351	Organization Cost	30,909	(30,909)	-	0.00%	-
6		352	Franchise Cost	-	-	-	0.00%	-
7		353	Land and Land Rights	45,400	(45,400)	-	0.00%	-
8		354	Structures & Improvements	108,242	-	108,242	3.33%	3,604
9		355	Power Generation Equipment	-	-	-	5.00%	-
10		360	Collection Sewers - Force	-	-	-	2.00%	-
11		361.1	Collection Sewers - Gravity	328,735	-	328,735	2.00%	6,575
12		361.2	Manholes & Cleanouts	-	-	-	2.00%	-
13		362	Special Collecting Structures	-	-	-	2.00%	-
14		363	Services to Customers	73,179	-	73,179	2.00%	1,464
15		364	Flow Measuring Devices	12,958	-	12,958	10.00%	1,296
16		365	Flow Measuring Installations	-	-	-	10.00%	-
17		366	Reuse Services	-	-	-	2.00%	-
18		367	Reuse Meters and Meter Installations	-	-	-	8.33%	-
19		370	Receiving Wells	-	-	-	3.57%	-
20		371.1	Pumping Equipment - Lift Stations	-	-	-	10.00%	-
21		371.2	Other Pumping Equipment	-	-	-	10.00%	-
22		371.3	Pumping Equipment - Recharge Well	-	-	-	10.00%	-
23		374	Reuse Distribution Reservoirs	-	-	-	2.50%	-
24		375	Reuse Transmission and Distribution	-	-	-	2.00%	-
25		380	Treatment & Disposal Equipment	865,491	-	865,491	5.00%	43,275
26		381	Plant Sewers	-	-	-	5.00%	-
27		382	Outfall Sewer Lines	-	-	-	3.33%	-
28		389	Other Plant & Misc Equipment	-	-	-	6.67%	-
29		390	Office Furniture & Equipment	5,803	-	5,803	6.67%	387
30		390.1	Computers & Software	-	-	-	20.00%	-
31		391	Transportation Equipment	-	-	-	20.00%	-
32		392	Stores Equipment	-	-	-	4.00%	-
33		393	Tools, Shop & Garage Equipment	4,676	-	4,676	10.00%	468
34		394	Laboratory Equipment	630	-	630	10.00%	63
35		395	Power Operated Equipment	-	-	-	5.00%	-
36		396	Communication Equipment	-	-	-	10.00%	-
37		397	Miscellaneous Equipment	-	-	-	10.00%	-
38		398	Other Tangible Plant	79,507	-	79,507	10.00%	7,951
39								
40								
41							10.00%	-
42			TOTALS	\$ 1,555,530	\$ (76,309)	\$ 1,479,221		\$ 65,081
43								
44								
45			Less: Amortization of Contributions			\$ 978,305	4.3997%	\$ (43,043)
46			Total Depreciation Expense					\$ 22,039
47								
48			Adjusted Test Year Depreciation Expense					22,039
49								
50			Increase (decrease) in Depreciation Expense					-
51								
52			Adjustment to Revenues and/or Expenses					\$ -
53								
54			<u>SUPPORTING SCHEDULE</u>					
55			B-2, page 3					

*Fully Depreciated

Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 2

Exhibit
Rebuttal Schedule C-2
Page 3
Witness: Bourassa

Property Taxes

Line No.	DESCRIPTION	Test Year as adjusted	Company Recommended
1	Company Adjusted Test Year Revenues	\$ 479,551	\$ 479,551
2	Weight Factor	2	2
3	Subtotal (Line 1 * Line 2)	959,102	959,102
4	Company Recommended Revenue	479,551	517,202
5	Subtotal (Line 4 + Line 5)	1,438,653	1,476,304
6	Number of Years	3	3
7	Three Year Average (Line 5 / Line 6)	479,551	492,101
8	Department of Revenue Multiplier	2	2
9	Revenue Base Value (Line 7 * Line 8)	959,102	984,203
10	Plus: 10% of CWIP (intentionally excluded)	-	-
11	Less: Net Book Value of Licensed Vehicles	-	-
12	Full Cash Value (Line 9 + Line 10 - Line 11)	959,102	984,203
13	Assessment Ratio	19.0%	19.0%
14	Assessment Value (Line 12 * Line 13)	182,229	186,998
15	Composite Property Tax Rate - Obtained from ADOR	11.0379%	11.0379%
16	Test Year Adjusted Property Tax Expense (Line 14 * Line 15)	\$ 20,114	\$ 20,641
17	Tax on Parcels	-	-
18	Total Property Taxes (Line 16 + Line 17)	\$ 20,114	
19	Adjusted Test Year Property Taxes	\$ 21,173	
20	Adjustment to Test Year Property Taxes (Line 18 - Line 19)	\$ (1,059)	
21			
22	Property Tax on Company Recommended Revenue (Line 16 + Line 17)		\$ 20,641
23	Company Test Year Adjusted Property Tax Expense (Line 18)		\$ 20,114
24	Increase in Property Tax Due to Increase in Revenue Requirement		\$ 526
25			
26	Increase in Property Tax Due to Increase in Revenue Requirement (Line 24)		\$ 526
27	Increase in Revenue Requirement		\$ 37,651
28	Increase in Property Tax Per Dollar Increase in Revenue (Line 26 / Line 27)		1.39813%
29			
30			
31			
32			
33			
34			
35			
36			
37			
38			
39			
40			

Verde Santa Fe Watewater Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 3

Exhibit
Rebuttal Schedule C-2
Page 4
Witness: Bourassa

Director's Salaries and Wages

Line
No.

1		
2	Director's Fees per Staff	\$ 13,154
3		
4	Test Year Directors Fees	\$ 31,683
5		
6	Adjustment to Salaries and Wages	\$ (18,529)
7		
8		
9	Adjustment to Revenues and/or Expenses	\$ (18,529)
10		
11		
12		
13		
14		
15		
16	<u>Reference</u>	
17	Staff Adjustment No. 1	
18	Testimony	
19		
20		

Verde Santa Fe Watewater Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 4

Exhibit
Rebuttal Schedule C-2
Page 5
Witness: Bourassa

Rent Expense

Line
No.

1		
2	Rent Expense on WW Treatment Facilities per Staff	\$ 19,799
3		
4	Test Year Rent Expense on WW Treeatment Facilities	<u>\$ 31,055</u>
5		
6	Adjustment to Rent Expense	\$ (11,256)
7		
8	Adjustment to Revenues and/or Expenses	<u>\$ (11,256)</u>
9		
10		
11		
12		
13		
14		
15		
16	<u>Reference</u>	
17	Staff Adjustment No. 1	
18	Testimony	
19		
20		

Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and Expenses
Adjustment Number 5

Exhibit
Rebuttal Schedule C-2
Page 6
Witness: Bourassa

Sludge Removal Expense

Line
No.

1			
2	Sludge Removal Associated with Effluent Ponds	\$	10,676
3			
4	Annualization Period (years)		2
5			
6	Annualized expense	\$	5,338
7			
8	Additional Cost of sludge bagging process		6,741
9			
10	Total Adjustment to Sludge Removal Expense	\$	12,079
11			
12			
13			
14			
15	Adjustment to Revenues and/or Expenses	\$	12,079
16			
17			
18			
19			
20			
21			
22			
23			
24			
25			

26 SUPPORTING SCHEDULES

27 Testimony

28

Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Adjustment to Revenues and/or Expenses
Adjustment Number 6

Exhibit
Rebuttal Schedule C-2
Page 7
Witness: Bourassa

Line
No.

1 Income Taxes

2

3

4 Computed Income Tax

5 Test Year Income tax Expense

6 Adjustment to Income Tax Expense

7

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12

13 SUPPORTING SCHEDULE

14 C-3, page 2

15

16

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30

Test Year
at Present Rates

\$ 1,905

-

\$ 1,905

Test Year
at Proposed Rates

\$ 7,041

1,905

\$ 5,136

Verde Santa Fe Watewater Company, Inc.
Test Year Ended December 31, 2012
Computation of Gross Revenue Conversion Factor

Exhibit
Rebuttal Schedule C-3
Page 1
Witness: Bourassa

Line No.	Description	Percentage of Incremental Gross Revenues
1	Combined Federal and State Effective Income Tax Rate	20.525%
2		
3	Property Taxes	<u>1.111%</u>
4		
5		
6	Total Tax Percentage	21.636%
7		
8	Operating Income % = 100% - Tax Percentage	78.364%
9		
10		
11		
12		
13	<u>1</u> = Gross Revenue Conversion Factor	
14	Operating Income %	1.2761
15		
16		
17		
18		
19		
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21		
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23		
24		
25	<u>SUPPORTING SCHEDULES:</u>	<u>RECAP SCHEDULES:</u>
26	C-3, page 2	A-1
27		
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Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012

Exhibit
Rebuttal Schedule C-3
Page 2
Witness: Bourassa

GROSS REVENUE CONVERSION FACTOR

Line No.	Description	(A)	(B)	(C)	(D)	(E)	(F)
Calculation of Gross Revenue Conversion Factor:							
1	Revenue	100.0000%					
2	Uncollectible Factor (Line 11)	0.0000%					
3	Revenues (L1 - L2)	100.0000%					
4	Combined Federal and State Income Tax and Property Tax Rate (Line 23)	21.6362%					
5	Subtotal (L3 - L4)	78.3638%					
6	Revenue Conversion Factor (L1 / L5)	1.278089					
Calculation of Uncollectible Factor:							
7	Unity	100.0000%					
8	Combined Federal and State Tax Rate (L17)	20.5250%					
9	One Minus Combined Income Tax Rate (L7 - L8)	79.4750%					
10	Uncollectible Rate	0.0000%					
11	Uncollectible Factor (L9 * L10)		0.0000%				
Calculation of Effective Tax Rate:							
12	Operating Income Before Taxes (Arizona Taxable Income)	100.0000%					
13	Arizona State Income Tax Rate	6.5000%					
14	Federal Taxable Income (L12 - L13)	93.5000%					
15	Applicable Federal Income Tax Rate (L55 Col F)	15.0000%					
16	Effective Federal Income Tax Rate (L14 x L15)	14.0250%					
17	Combined Federal and State Income Tax Rate (L13 + L16)		20.5250%				
Calculation of Effective Property Tax Factor:							
18	Unity	100.0000%					
19	Combined Federal and State Income Tax Rate (L17)	20.5250%					
20	One Minus Combined Income Tax Rate (L18-L19)	79.4750%					
21	Property Tax Factor	1.3981%					
22	Effective Property Tax Factor (L20*L21)		1.1112%				
23	Combined Federal and State Income Tax and Property Tax Rate (L17+L22)			21.6362%			
24	Required Operating Income	\$ 40,448					
25	Adjusted Test Year Operating Income (Loss)	\$ 10,944					
26	Required Increase in Operating Income (L24 - L25)		\$ 29,504				
27	Income Taxes on Recommended Revenue (Col. (F), L52)	\$ 10,446					
28	Income Taxes on Test Year Revenue (Col. (C), L52)	\$ 2,828					
29	Required Increase in Revenue to Provide for Income Taxes (L27 - L28)		\$ 7,620				
30	Recommended Revenue Requirement	\$ 517,202					
31	Uncollectible Rate (Line 10)	0.0000%					
32	Uncollectible Expense on Recommended Revenue (L24 * L25)	\$ -					
33	Adjusted Test Year Uncollectible Expense	\$ -					
34	Required Increase in Revenue to Provide for Uncollectible Exp.		\$ -				
35	Property Tax with Recommended Revenue	\$ 20,641					
36	Property Tax on Test Year Revenue	\$ 20,114					
37	Increase in Property Tax Due to Increase in Revenue (L35-L36)		\$ 526				
38	Total Required Increase in Revenue (L26 + L29 + L37)		\$ 37,651				

	(A)	(B)	(C)	(D)	(E)	(F)
Calculation of Income Tax:						
39	Revenue	\$ 479,551	\$ 479,551	\$ 517,202	\$ 517,202	\$ 517,202
40	Operating Expenses Excluding Income Taxes	465,781	465,781	466,307	466,307	466,307
41	Synchronized Interest (L47)	-	-	-	-	-
42	Arizona Taxable Income (L39 - L40 - L41)	\$ 13,770	\$ 13,770	\$ 50,894	\$ 50,894	\$ 50,894
43	Arizona State Effective Income Tax Rate (see work papers)	6.5000%	6.5000%	6.5000%	6.5000%	6.5000%
44	Arizona Income Tax (L42 x L43)	\$ 895	\$ 895	\$ 3,308	\$ 3,308	\$ 3,308
45	Federal Taxable Income (L42- L44)	\$ 12,875	\$ 12,875	\$ 47,586	\$ 47,586	\$ 47,586
46						
47	Federal Tax on First Income Bracket (\$1 - \$50,000) @ 15%	\$ 1,931	\$ 1,931	\$ 7,138	\$ 7,138	\$ 7,138
48	Federal Tax on Second Income Bracket (\$50,001 - \$75,000) @ 25%	\$ -	\$ -	\$ -	\$ -	\$ -
49	Federal Tax on Third Income Bracket (\$75,001 - \$100,000) @ 34%	\$ -	\$ -	\$ -	\$ -	\$ -
50	Federal Tax on Fourth Income Bracket (\$100,001 - \$335,000) @ 39%	\$ -	\$ -	\$ -	\$ -	\$ -
51	Federal Tax on Fifth Income Bracket (\$335,001 - \$10,000,000) @ 34%	\$ -	\$ -	\$ -	\$ -	\$ -
52						
53	Total Federal Income Tax	\$ 1,931	\$ 1,931	\$ 7,138	\$ 7,138	\$ 7,138
54	Combined Federal and State Income Tax (L35 + L42)	\$ 2,828	\$ 2,828	\$ 10,446	\$ 10,446	\$ 10,446
55	COMBINED Applicable Federal Income Tax Rate [Col. (D), L53 - Col. (A), L53] / [Col. (D), L45 - Col. (A), L45]			15.0000%		
56	WASTEWATER Applicable Federal Income Tax Rate [Col. (E), L53 - Col. (B), L53] / [Col. (E), L45 - Col. (B), L45]					
57	WATER Applicable Federal Income Tax Rate [Col. (F), L53 - Col. (C), L53] / [Col. (F), L45 - Col. (C), L45]					15.0000%

Verde Santa Fe Watewater Company, Inc.
Test Year Ended December 31, 2012
Summary of Cost of Capital

Exhibit
Rebuttal Schedule D-1
Page 1
Witness: Bourassa

Consolidated Capital Structure

Adjusted End of Test Year

Projected Capital Structure

Line No.	Item of Capital	Dollar Amount	Percent of Total		Cost Rate	Weighted Cost	Dollar Amount	Percent of Total		Cost Rate	Weighted Cost
			Total					Total			
1	Long-Term Debt	-	0.00%		0.00%	0.00%	-	0.00%		0.00%	0.00%
3	Stockholder's Equity	330,308	100.00%		9.60%	9.60%	344,944	100.00%		9.60%	9.60%
5	Totals	330,308	100.00%				344,944	100.00%			9.60%

SUPPORTING SCHEDULES:

RECAP SCHEDULES:

D-1
D-3
D-4
Testimony

Line No. 1 2 3 4 5 6 7 8 9 10 11 12 13 14 15 16 17 18 19 20 21 22 23 24 25 26 27 28 29 30

Verde Santa Fe Watewater Company, Inc.
Test Year Ended December 31, 2012
Cost of Long Term Debt

Exhibit
Rebuttal Schedule D-2
Page 1
Witness: Bourassa

Line No.	Description of Debt	End of Test Year				End of Projected Year			
		Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost	Amount Outstanding	Annual Interest	Interest Rate	Weighted Cost
1									
2			-	0.000%	0.000%		-	0.000%	0.000%
3			-	0.000%	0.000%		-	0.000%	0.000%
4			-	0.000%	0.000%		-	0.000%	0.000%
5			-	0.000%	0.000%		-	0.000%	0.000%
6			-	0.000%	0.000%		-	0.000%	0.000%
7			-	0.000%	0.000%		-	0.000%	0.000%
8			-	0.000%	0.000%		-	0.000%	0.000%
9			-	0.000%	0.000%		-	0.000%	0.000%
10			-	0.000%	0.000%		-	0.000%	0.000%
11									
12									
13	Totals	\$ -	-		0.000%	\$ -	-		0.000%
14									
15									

Supporting Schedules:

E-1
E-2

16
17
18
19
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Verde Santa Fe Watewater Company, Inc.
Test Year Ended December 31, 2012
Cost of Preferred Stock

Exhibit
Rebuttal Schedule D-3
Page 1
Witness: Bourassa

Line

No.

End of Test Year

End of Projected Year

Description
of Issue

Shares
Outstanding

Amount

Dividend
Requirement

Shares
Outstanding

Amount

Dividend
Requirement

NOT APPLICABLE, NO PREFERRED STOCK ISSUED OR OUTSTANDING

SUPPORTING SCHEDULES:

E-1

RECAP SCHEDULES:

D-1

Verde Santa Fe Watewater Company, Inc.
Test Year Ended December 31, 2012
Cost of Common Equity

Exhibit
Rebuttal Schedule D-4
Page 1
Witness: Bourassa

Line
No.

1

2

3

4

5

6

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20

The Company is proposing a cost of common equity of

9.60% .

SUPPORTING SCHEDULES:

Testimony

RECAP SCHEDULES:

D-1

Verde Santa Fe Wastewater Company, Inc.
Revenue Summary
Test Year Ended December 31, 2012

Exhibit
Rebuttal Schedule H-1
Page 1
Witness: Bourassa

Line No.	Classification	Total Revenues at Present Rates	Total Revenues at Proposed Rates	Dollar Change	Percent Change	Percent of Present Water Revenues	Percent of Proposed Water Revenues
1	Residential	\$ 450,680	\$ 487,185	\$ 36,505	8.10%	93.98%	94.20%
2							
3	Commercial	1,056	1,142	86	8.10%	0.22%	0.22%
4	Commercial	1,536	1,660	124	8.10%	0.32%	0.32%
5	Commercial	3,300	3,567	267	8.10%	0.69%	0.69%
6	Commercial	3,408	3,684	276	8.10%	0.71%	0.71%
7							
8							
9	Effluent	65,453	7,527	(57,926)	-88.50%	13.65%	1.46%
10							
11							
12	Subtotals of Revenues	\$ 525,433	\$ 504,765	\$ (20,667)	-3.93%	109.57%	97.60%
13	Revenue Annualizations:						
14							
15	Residential	\$ 2,440	\$ 2,638	\$ 198	8.10%	0.51%	0.51%
16							
17							
18	Subtotal Revenue Annualization	2,440	2,638	198	8.10%	0.51%	0.55%
19							
20	Total Revenues w/ Annualization	\$ 527,873	\$ 507,403	\$ (20,470)	-3.88%	110.08%	98.11%
21							
22	C-2 Revenue Adjustments	\$ (57,926)	\$ -	\$ 57,926	-100.00%	-12.08%	0.00%
23	Misc Revenues	9,624	9,624	-	0.00%	2.01%	1.86%
24	Reconciling Amount	(20)	175	195	-975.00%	0.00%	0.03%
25	Total Revenues	\$ 479,551	\$ 517,202	\$ 37,651	7.85%	100.00%	100.00%
26							
27							

Verde Santa Fe Wastewater Company, Inc.
 Analysis of Revenue by Detailed Class
 Test Year Ended December 31, 2012

Exhibit
 Rebuttal Schedule H-2
 Page 1
 Witness: Bourassa
 Revised

Line No.	Customer Classification	Average Number of Customers at 12/31/2012	Average Bill		Average Consumption	Proposed Increase		Percent of Customers
			Present Rates	Proposed Rates		Dollar Amount	Percent Amount	
1	Residential	939	\$ 40.00	\$ 43.24	-	\$ 3.24	8.10%	99.58%
2								
3	Commercial	1	88.00	95.13	-	7.13	8.10%	0.11%
4	Commercial	1	128.00	138.37	-	10.37	8.10%	0.11%
5	Commercial	1	275.00	297.28	-	22.28	8.10%	0.11%
6	Commercial	-	284.00	307.00	-	23.00	8.10%	0.00%
7								
8	Effluent	1	5,454.39	627.25	2,727,194	\$(4,827.13)	-88.50%	0.11%
9								
10								
11								
12								
13								
14								
15								
16	Totals	943						
17								
18	Actual Year End Number of Customers:	949						
19								
20								
21								
22								
23								

100.00%

Verde Santa Fe Wastewater Company, Inc.
 Analysis of Revenue by Detailed Class
 Test Year Ended December 31, 2012

Exhibit
 Rebuttal Schedule H-2
 Page 2
 Witness: Bourassa
 Revised

Line No.	Customer Classification	Average Number of Customers at 12/31/2012	Median Consumption	Median Bill		Proposed Increase		Percent of Customers
				Present Rates	Proposed Rates	Dollar Amount	Percent Amount	
1	Residential	939	-	\$ 40.00	\$ 43.24	\$ 3.24	8.10%	99.47%
2								
3	Commercial	1	-	88.00	95.13	7.13	8.10%	0.11%
4	Commercial	1	-	128.00	138.37	10.37	8.10%	0.11%
5	Commercial	1	-	275.00	297.28	22.28	8.10%	0.11%
6	Commercial	1	-	284.00	307.00	23.00	8.10%	0.11%
7								
8	Effluent	1	2,696,615	\$ 5,393.23	\$ 620.22	\$ (4,773.01)	-88.50%	0.11%
9								
10								
11								
12								
13								
14								
15	Totals	944						100.00%
16								
17	Actual Year End Number							
18	of Customers:	949						
19								
20								
21								
22								

Verde Santa Fe Wastewater Company, Inc.
Test Year Ended December 31, 2012
Present and Proposed Rates

Exhibit
Rebuttal Schedule H-3
Page 1

Line No.	Monthly Usage Charge for:	Present Rates	Proposed Rates	Change	Percent Change
1					
2	Residential	\$ 40.00	43.24	\$ 3.24	8.10%
2	Commercial	40.00 xSFE (see Note 1)	43.24 xSFE (see Note 2)	3.24	8.10%
3					
4					
5					
6					
7	Effluent (all meter sizes)	\$ 2.00 per 1,000 gallons	\$ 0.23 per 1,000 gallons	(1.77)	-88.50%
8					
9					
10					
11					

Note 1: If a commercial flat rate is necessary, it will be calculated for each commercial customer by dividing the expected design daily flow rate (as prescribed by the Ten State Standards) by one SFE (single family equivalent). One SFE will equal 262 gallons per day (the approved design flow rate per single family unit by ADEQ. The resulting factor will be multiplied by the approved residential flat rate to get the commercial monthly flat rate.

Note 2: One SFE is defined as 10 fixtures (sinks and/or toilets and/or showers, etc). The SFE for a commercial customer will be equal to the number of fixtures divided by 10. If the computed SFE is less than 1.0, the factor will be 1.0; which provides that a commercial customer pays no less than a residential customer.

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Verde Santa Fe Wastewater Company, Inc.

Present and Proposed Rates

Test Year Ended December 31, 2012

Exhibit
Rebuttal Schedule H-3
Page 2
Witness: Bourassa

Line No.		Present Rates	Proposed Rates
1			
2			
3			
4			
5			
6			
7	Service Line Charge	n/a	Cost
8			
9			
10			
11			
12			
13	Other Charges:		
14			
15			
16	Establishment	\$ 25.00	\$ 25.00
17	Reconnection (Delinquent)	\$ 30.00	\$ 30.00
18	Deposit	(a)	(a)
19	Deposit Interest (annual effective rate)	(b)	3.50%
20	Re-establishment (Within 12 months)		(b)
21	Deferred Payment, per month	NT	1.5%
22	Late Payment Penalty	1.5%	1.5%
23	NSF Check	\$ 25.00	\$ 25.00
24	After hours service charge	NT	\$ 35.00
25			
26			
27			
28	(a) Per Rule AAC R14-2-603.B		
29	(b) Per Rule AAC R14-2-603.D		
30			